

165A.360 Certificate of approval -- Bond -- Suspension or renewal -- Transferability -- Voidable student contracts.

- (1) No person shall maintain or operate a proprietary school located and doing business within this state until said school shall have been issued a certificate of approval by the board pursuant to the provisions of KRS 165A.310 to 165A.410. No person shall maintain or operate a proprietary school located without this state and do business within this state until said school shall have been issued a certificate of approval or a certificate of registration by the board pursuant to the provisions of KRS 165A.310 to 165A.410. No certificate of approval shall be issued by the board to any proprietary school which denies enrollment in said school to any pupil, on account of race, color, or creed. The Kentucky Commission on Human Rights shall have power to make investigation as to discriminatory practices of any proprietary school, and shall report thereon to the board, and said board shall, upon report that any such school is engaging in discriminatory practices, deny or suspend a certificate of such school, in accordance with the provisions of this section and after notice and public hearing as required herein.
- (2) No proprietary school shall be issued a certificate unless it shall make application, through its officers or an owner, upon forms to be provided by the state board, and unless said application shall be accompanied by a fee as established by the board and a good and sufficient surety bond or other collateral in a penal sum of not less than twenty thousand dollars (\$20,000).
- (3)
 - (a) The surety bond or other collateral shall be conditioned to provide indemnification to any student or enrollee or his parent or guardian suffering loss or damage as a result of any fraud or misrepresentation used in procuring his enrollment or as a result of any fraud or misrepresentation as represented by the application for the certificate, or as a result of the student being unable to complete the course or courses because the school ceased operations. Such indemnification shall, in no case, exceed the advanced tuition paid or to be paid by said student or students or any such parent or guardian and regardless of the number of years that a school's bond is in force, the aggregate liability of the surety bond shall, in no event, exceed the penal sum of the bond. The surety bond may be continuous.
 - (b) Any claimant may file with the board a duly verified claim against a proprietary school. The board may consider such claim after ten (10) days' written notice by certified mail, return receipt requested, to such school of said complaint giving time and place of hearing thereon and if such claim is found to be correct and due to the claimant, and if the board cannot effect a settlement by persuasion and conciliation, the board shall make a demand upon the principal on such bond and the surety thereon, and if not paid may bring an action on such bond in any court of record within the State of Kentucky.
- (4) A surety on said bond may be released therefrom after said surety shall have made a written notice thereof directed to the board at least thirty (30) days prior to said release.

- (5) The surety bond shall cover the period of the certificate except when said surety shall be released in the manner as provided by this section.
- (6)
 - (a) The certificate shall be suspended by operation of law when said proprietary school is no longer covered by a surety bond or other collateral as required by this section; but the board shall cause said proprietary school to receive at least ten (10) days' written notice prior to the release of said surety to the effect that said approval shall be suspended by operation of law until another surety bond shall be filed in the same manner and like amount as required for the initial surety bond.
 - (b) The certificate shall be suspended by operation of law at any time any certified proprietary school shall deny enrollment in said school to any pupil, on account of race, color, or creed.
- (7) The application for a certificate shall be accompanied by such supporting documents as the board may require. The application and accompanying data shall be certified as true and correct in content and policy by the chief executive officer of said proprietary school.
- (8) A certificate shall be valid for a period of one (1) school year. A certificate may be renewed in the same manner and under the conditions prescribed by the board.
- (9) Certificates are transferable to another owner. If a change of ownership occurs, the new owner shall within ten (10) days, reexecute and affirm the application for certificate of approval or certificate of registration and the information therein, governing said certificate in effect at the time of sale. The board may establish a reasonable fee for the recording and processing of such changes.
- (10) The bonding or other collateral requirements herein set forth may be reduced at the sole discretion of the board upon a showing by the proprietary school that they are excessive in the case of any particular proprietary school.
- (11)
 - (a) Contracts by and between a proprietary school operating or doing business within this state and a student are voidable at the option of the student unless said school has been previously issued a certificate by the board.
 - (b) No proprietary school operating or doing business within this state shall be entitled to any money collected from students, in whatever manner collected, unless said school has been previously issued a certificate by the board.
 - (c) Contracts by and between a proprietary school operating or doing business within this state which are entered into prior to the issuance of a certificate by the board, shall be voidable at the option of the student notwithstanding any subsequent issuance of a certificate to the school by the board.
 - (d) Restitution of any money paid by a student under a contract voided pursuant to this section, may be obtained through action brought by the student in either District Court or Circuit Court in the county of the student's residence or other appropriate court, at the option of the student.

Effective: July 15, 1982

History: Amended 1982 Ky. Acts ch. 31, sec. 5, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 114, sec. 27, effective July 15, 1980. -- Created 1976 Ky. Acts ch. 363, sec. 6, effective July 1, 1976.